

**ADE, LLC**  
d/b/a  
**ARMSTRONG DIXON**

**Form ADV Part 2A, Firm Brochure**  
**March 29, 2024**

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**This brochure provides information about the qualifications and business practices of ADE, LLC. If you have any questions about the contents of this brochure, please contact us at (443) 563-1111. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about ADE, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to ADE, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

This section of the Brochure describes the material changes to this Brochure since Armstrong Dixon last amended it as part of its annual updating amendment on March 27, 2023. Since that date, there have been no material changes to our brochure.

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## **Item 4            Advisory Business**

Our main focus is to manage investment portfolios for individual clients, high net worth families, charitable foundations, and small business owners. We also provide financial planning and consulting services, retirement consulting, non-investment consulting and comprehensive reporting. Our investment management services consider the client's risk tolerance, financial goals, and objectives.

- A. ADE, LLC (the "Registrant") is a limited liability company formed in June 2013 in the State of Maryland. ADE, LLC is the Registrant's legal name, which previously was ADAG, LLC. The Registrant became registered as an investment adviser in July 2013. The Registrant also conducts business under the trade name Armstrong Dixon. The Registrant is owned and managed by Gregory Armstrong, Hugh J. Breslin IV, and Katie Brown. ADE, LLC is not owned by LPL Financial LLC, member FINRA / SIPC (the "Custodian" or "LPL Financial").
- B. As discussed below, the Registrant offers investment advisory services and to the extent specifically requested by a client, financial planning, and related consulting services on a separate stand-alone basis.

### **INVESTMENT MANAGEMENT SERVICES**

The client can determine to engage the Registrant to provide discretionary or non-discretionary investment advisory services.

In advance of providing any recommendations or advice we require all clients review, understand and sign our Investment Advisory Agreement ("IAA"). This agreement goes over the terms and conditions under which we will manage a client's assets. The IAA will include schedules of the investment accounts you wish us to manage, the specific fees, which account to bill those fees to, how to collect those fees, any positions within the accounts that are not managed or billed on, and positions that the advisor does not have discretion on (for discretionary IAA's only). The IAA also determines if any investment advisory services will be provided to outside accounts, the fee, and which account to bill those fees to.

The Registrant provides its investment management services through certain investment programs sponsored by LPL Financial. Additional details about each of these offerings, including each program's fee arrangements and associated conflicts of interests, are available in the respective account agreement, account application, and program brochure.

The IAA will remain effective until cancelled in writing by either party. In the event of a conflict between this Brochure and the IAA, the Brochure shall prevail.

Advisory accounts will be held with LPL Financial.

As a firm we seek a balance between risk and reward, and use a diverse blend of securities in managing accounts. We employ a strategic asset allocation approach to investing that seeks to participate in rising markets over time. We may increase or decrease cash holdings or implement various risk management strategies based on our expectations of the market behavior.

The Registrant may invest in a whole range of securities and is not limited by any specific security type subject to any limitations imposed by the LPL program you select. For example, the Registrant may invest in or recommend that you invest in exchange listed securities, mutual funds, exchange traded funds, warrants, variable annuities, fixed income securities, and private placements.

To the extent required, our Investment Adviser Representatives (“IARs”) must attain firm or industry registrations or equivalent experience. For information on our IARs, please request a copy of their individual brochures, which were previously provided to you at the commencement of our relationship.

The following programs offered by LPL may be considered wrap fee programs, which means that clients pay a bundled fee for investment management services, trade execution, custody, and reporting: Strategic Wealth Management (SWM), Model Wealth Portfolios, and Guided Wealth Portfolios. Depending on our agreement with a client, the transaction costs in SWM may be borne by the Registrant or the client and are transaction based. If the Registrant agrees to bear transaction costs, this creates a conflict of interest because the Registrant will have a financial incentive to trade less frequently. In addition, where Registrant bears transactions costs, because transactions charges vary by security type, there is a conflict of interest for Registrant because Registrant has an incentive to select securities for your Account that incur less or no transaction fees than other types of securities.

Participation in one program may cost more or less than participating in another program or purchasing these services separately. The program fee may be higher or lower than those charged by other sponsors of comparable programs. As described in greater detail under Item 4.C, certain IARs prefer certain account relationships, but there is no requirement that a client select one type of account over another.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

We offer a variety of financial, wealth-planning and business consulting services based on specific needs. Services include:

- Business Succession Planning
- Manage Family Board and/or Advisory Board
- Successor Career Path Development Planning
- Estate Planning
- Executive Compensation Planning
- Retirement Planning
- Investment Planning
- Insurance Policy Analysis
- Business Planning

In order to provide our clients with a financial plan we gather information to determine a client’s objectives, make observations and provide recommendations that are designed to assist in achieving the client’s goals and objectives. Clients are under no obligation to act on our financial planning recommendations.

To the extent requested by a client, the Registrant can also provide financial planning or consulting services (on investment and non-investment related matters). Prior to engaging the Registrant to provide financial planning and consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with

Registrant setting forth the terms and conditions of the engagement. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. If requested by the client, Registrant may recommend the services of other professionals, including certain of the Registrant's representatives as registered representatives of LPL Financial or in their capacities as licensed insurance agents. (See disclosure below at Items 10.C below). The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from the Registrant and its representatives. The Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired, in light of any changes in their financial situation or investment objectives.

### **RETIREMENT PLAN CONSULTING**

The Registrant also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, the Registrant shall also provide generalized participant education designed to assist participants in learning about their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between the Registrant and the plan sponsor.

### **MISCELLANEOUS**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate, tax, and insurance planning. Neither the Registrant, nor any of its representatives, serves as an attorney or accountant and no portion of the Registrant's services should be construed as legal or accounting services. Neither the Registrant nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including certain of the Registrant's representatives as discussed below. Clients are under no obligation to engage the services of any recommended professional, who are responsible for the quality and competency of the services they provide. In addition, the Registrant does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with the Registrant, if desired, in light of any changes in their financial situation or investment objectives.

**Non-Discretionary Service Limitations.** Clients that determine to engage the Registrant on a non-discretionary investment advisory basis must be willing to accept that the Registrant cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. As a result, during periods of market volatility, the Registrant will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's consent.

**Private Investment Funds.** The Registrant may provide investment advice regarding unaffiliated private investment funds. The Registrant's role relative to the private investment funds is limited to its initial and ongoing due diligence and investment

monitoring services. If a client determines to become a private fund investor, the amount of assets invested in any private fund will be included as part of the Registrant's "assets under management" in calculating the Registrant's investment advisory fee. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that they are qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with the investment.

In the event that the Registrant references private investment funds owned by the client on any account report, the value for all private investment funds will reflect the most recent valuation provided by the fund sponsor, which could be more or less than the current market value.

**Variable Annuities:** The Registrant also may render investment management services to clients relative to variable life or variable annuity products that they may own. The Registrant either directs or recommends the allocation of client assets among the various investment subdivisions that comprise these products. The Registrant's recommendations or decisions are limited to the investment options available. The client's assets are maintained at the specific insurance company that issued the product that the client owns.

**Independent Managers.** The Registrant may invest or recommend that the client invest in one or more unaffiliated independent investment managers in accordance with the client's investment objectives. In these situations, the Independent Manager shall have day-to-day responsibility for the discretionary management of the allocated assets. The Registrant will continue to monitor and review the Independent Manager's performance, and the client's asset allocation and investment objectives. Factors which the Registrant considers in recommending Independent Managers include the client's investment objectives, and the Independent Manager's management style, performance, reputation, financial strength, reporting, pricing, and research.

**Client Obligations.** The Registrant will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying the Registrant if there is ever any change in their financial situation or investment objectives so that the Registrant can review, and if necessary, revise its previous recommendations or services.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets

consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.

- D. As of February 7, 2024, the Registrant managed \$312,074,067, of which \$299,768,307 was managed on a discretionary basis and \$12,305,760 was managed on a non-discretionary basis.

## **Item 5 Fees and Compensation**

- A. The Registrant's annual investment advisory fee is based on the market value and type of assets placed under the Registrant's management and generally ranges from 0.30% to 1.5%. The Registrant provides its investment management services through certain investment programs sponsored by LPL Financial, and for the Model Wealth Portfolios (MWP), Manager Access Select (MAS), and Guided Wealth Portfolios (GWP) programs offered by LPL, the annualized fee percentages referenced in Client's Investment Advisory Agreements are estimated, may vary depending on certain factors (such as account size and selected managers), and may result in the Registrant receiving a larger (or smaller) annualized fee percentage. Additional details about each program's fee arrangements and associated conflicts of interests, are available in the respective account agreement, account application, and program brochure.

The Registrant prices its services based upon various objective and subjective factors. As a result, the Registrant's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning or consulting services. The services provided by the Registrant to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

In certain of LPL's programs, clients may engage Independent Managers (also referred to as Portfolio Strategists, SMA Portfolio Managers and Model Advisor) and clients will be responsible for the additional fees of these managers.

A portion of the Advisory Fee of up to 0.35% is shared with LPL for its investment advisory, administrative, trading and custodial services in the Manager Access Select and Model Wealth Portfolios programs. In GWP, clients pay a fee of 0.35% for the investment advisory, administrative, trading and custodial services of LPL. LPL's fees are subject to change, which may result in the Registrant receiving compensation greater than the fee referenced in Schedule A of their Investment Advisory Agreement. Clients and prospective clients should closely review the terms of their Investment Advisory Agreement and LPL's program account agreement, account application, and program brochure for more information.

Registrant may be responsible for the Client's transaction fees in SWM (*See* Item 4.B). There is no significant difference between how the Registrant manages SWM accounts where it bears transaction fees and SWM accounts where it does not. The IAR of record generally does not take into account the fees and expenses incurred in client accounts when providing investment advice through SWM. The Registrant bears transaction fees for many of the Registrant's high net worth clients managed by Joe Breslin that participate in SWM. Clients who determine to participate in SWM should refer to their SWM Account Packet to determine whether they or the Registrant are responsible for

transaction fees and expenses.

With respect to SWM, the Registrant (and therefore each IAR) will receive a payment for his or her services after the Custodian debits transaction fees and overrides or other miscellaneous expenses from earned fees.

#### **PROGRAM BILLING TIMING**

Advisory fees will generally be prorated, and paid quarterly in advance, based upon the value of the accounts receiving investment management and reporting services as of the last day of the previous quarter. For accounts maintained at LPL Financial, any deposit or withdrawal made during the quarter will be prorated and either deducted or added to the fee in the following billing period, as applicable. For accounts held at broker-dealers and custodians other than LPL Financial (a "Held Away Account"), the Registrant does not make any adjustments to advisory fee calculations to account for contributions or withdrawals.

In certain instances, the Registrant may agree or be required to charge fees in arrears.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

The Registrant may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, business planning, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable and vary quite drastically, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). These fees generally range from \$2,000 to \$20,000 on a fixed fee basis. The Registrant generally bills its financial planning clients in advance, except that engagements it believes cannot be completed within 6 months are typically billed on a quarterly basis. If the Client has prepaid any portion of the Registrant's fee, the balance, if any, of any unused portion of the Registrant's fee shall be refunded to the Client in the event the relationship is terminated.

#### **RETIREMENT CONSULTING**

The Registrant also provides non-discretionary retirement consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. The Registrant's fee for Retirement Consulting Services are negotiable, and are either asset-based fees that range from 0.25% to 0.60% of plan assets or may be fixed annual fees, each depending on the services requested and the size of the plan. Asset-based fees are typically paid quarterly, in advance, based upon the market value of the Plan's assets on the last day of the preceding quarter and fixed fees are typically prorated and paid quarterly. If the Client has prepaid any portion of the Registrant's fee, the balance, if any, of any unused portion of the Registrant's fee shall be refunded to the Client in the event the relationship is terminated. For the avoidance of doubt, retirement consulting services are not offered as are part of any wrap fee program.

- B. Fee Deductions Where Authorized for All Services.** Clients authorize Registrant to deduct its fees in their agreement. Both Registrant's IAA and the custodial/clearing agreement may authorize the custodian to debit the account for the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in



compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice.

- C. The Registrant shall generally recommend that LPL Financial serve as the broker-dealer and custodian for client accounts. Broker-dealers such as LPL Financial charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees (for non-wrap fee accounts), clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The Registrant and each IAR uses discretion for Investment Management accounts to decide which mutual fund share class to purchase based on several factors that include, but is not limited to the anticipated holding period of the fund, dollar amount invested and external expenses. For a more complete discussion on brokerage fees and compensation, see Item 12 below.
- D. The Registrant, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The IAA between the Registrant and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the IAA. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. **Securities Commission Transactions.** In the event that the client desires, the client can engage Registrant's representatives, in their individual capacities, as registered representatives of LPL Financial to implement investment recommendations on a commission basis. LPL Financial will charge brokerage commissions to effect securities transactions, a portion of which commissions LPL Financial pays to Registrant's representatives, as applicable. The brokerage commissions charged by LPL Financial may be higher or lower than those charged by other broker-dealers.
1. **Conflict of Interest:** The recommendation that a client purchase a commission product from LPL Financial presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Registrant's representatives.
  2. Although the Registrant and its IARs will not recommend that clients do so, clients may purchase investment products recommended by Registrant through other, non-affiliated broker dealers or agents.
  3. The Registrant does not receive more than 50% of its revenue from advisory clients as a result of securities commissions for the sale of securities products the Registrant recommends to its clients.
  4. When Registrant's representatives sell an investment product on a commission

basis, the Registrant does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Registrant's representatives do not also receive commission compensation or rule 12b-1 fees for their advisory services. However, a client may engage the Registrant to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from Registrant's representatives on a commission basis.

## **Item 6            Performance-Based Fees and Side-by-Side Management**

Neither the Registrant nor any supervised person of the Registrant accepts performance-based fees.

## **Item 7            Types of Clients**

The Registrant's clients shall generally include individuals, business entities, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, other business entities, profit sharing plans, 401k sponsor plans, individual retirement plans (IRA, SEP, SIMPLE, ROTH IRA).

## **Item 8            Methods of Analysis, Investment Strategies and Risk of Loss**

A. The Registrant uses on or more of the following methods of security analysis:

- Strategic asset allocation approach to investing that seeks to participate in rising markets over time.
- We invest in a global asset allocation, meaning that we invest in companies based in the United States as well as developed and emerging countries.
- We predominately invest in the largest companies in the world and also incorporate medium and small sized companies based on market capitalization.
- Fixed income investments are diversified by style, credit quality, duration, corporate, municipal and sovereign debt. Municipals are used for diversification and tax preference in taxable investment accounts.
- To a limited degree we may incorporate alternative asset classes and strategies, including but not limited to precious metals, real estate, private equity, merger acquisition arbitrage, and private credit, etc.
- We work with our clients to determine investment time horizon, liquidity needs, risk tolerance and risk capacity and scale the portfolio weighting based on investment objective. Stock investing carries greater risk than fixed income lending. The greater the risk tolerance the greater they stock exposure and less fixed income exposure. In order of least to greatest risk.
  - Income with Capital Preservation
  - Income with Growth
  - Growth with Income
  - Growth
  - Aggressive Growth

### **Investment Selection.**

- We use third party investment research providers and risk management software along with periodicals to identify suitable investments.
- Incorporate active and passive investment strategies evaluated based on performance relative to peers and benchmark for the asset class, style drift and composition.
- Other metrics considered include, but are not limited to rate of return, standard deviation, Sharpe ratio, Sortino ratio, Beta, Alpha, correlation, capture ratio, expense ratio and manager tenure.
- Preferably investments should have at least a 3-year track history. Preference is given to managers with a team approach and process with management tenure of at least 2 years.
- For select clients, we use LPL's centrally managed platforms including Model Wealth Portfolios, Manager Access Select and Guided Wealth Portfolios.
  - Manager Access Select (MAS) provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. We first assist the client in selecting either (i) a SMA Portfolio Manager to manage the Account, or (ii) an investment strategy implemented by LPL using a model portfolio ("Model Portfolio") provided by LPL's Research Department or a third-party investment advisor ("Model Advisor"). We will provide initial and ongoing review of the SMA Portfolio Manager or Model Advisor.
  - Model Wealth Portfolios (MWP) is a unified managed account program in which LPL and we provide ongoing investment advice. We obtain the necessary financial data from the client, assist the client in determining the suitability of the program and assists the client in setting an appropriate investment objective. We, or you with our assistance, select one or more model portfolios of securities (each, a "Portfolio") designed by LPL's Research Department, a third-party investment strategist or Advisor (each, a "Portfolio Strategist") consistent with your stated investment objective. We provide ongoing advice on the selection or replacement of a Portfolio based on your individual needs. The Portfolio Strategist is responsible for selecting the securities within a Portfolio and for making changes to the securities selected.
  - Guided Wealth Portfolios (GWP) is a centrally managed investment program, which is made available to clients through LPL's Account View a web-based, interactive account management portal ("Account View") and through us. In the program, LPL generates investment recommendations based upon model portfolios constructed by LPL and selected for the Account (such model portfolio selected for the Account, the "Model Portfolio"). The Model Portfolios have been designed and are maintained by LPL Research (the "Portfolio Strategist") and include a list of exchange-traded funds ("ETFs") holdings and may in the future include open-end mutual fund holdings. Your account will be managed according to the Model Portfolio in accordance with the program's parameters.

### **Investment Monitoring**

- An investment committee was established in 2017 to review the above strategies and monitor created models.

- Our investment committee meets quarterly, and if needed, to review performance and risk of our portfolios compared and underlying investments compared to their peer category and benchmark.
- As investment values fluctuate, they may become over or underweight relative to their target weighting, we may rebalance accounts based on a 15% relative drift from their target weighting, or as deemed appropriate relative to market movements.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the Registrant) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

There are additional risks associated with investing in the GWP program due to its automated nature and reliance on the Algorithm and technology systems. These risks include the reliance on electronic communications and delivery; investment horizon; reliance on information provided by user or client; third party account access; limitations of the Educational Tool, limitations of the Managed Service; reliance on the Algorithm, reliance on the data, and reliance on technology, back-up measures, cyber security breaches and identify theft. For a description of these risks, refer to the LPL GWP Program Brochure.

B. The Registrant's method of analysis does not present any significant or unusual risks.

The information contained in this Brochure cannot disclose every potential risk associated with investing, nor all of the risks applicable to a particular manager, security or investment. Risks vary by client according to their investment objectives, guidelines, liquidity needs or risk tolerances and not every strategy or portfolio will be exposed to each of the risks described in this Brochure. This list is not intended to be exhaustive of all of the risks associated with investing in strategies or securities that are utilized or recommended by ADE, LLC. Rather, it is a general description of the nature and risks of the investment advisory services provided by ADE, LLC and the related investments. All risks described below are provided in alphabetical order and your IAR is available to help you understand the risks applicable to your specific investments or investment strategy.

**General Risks.** You need to understand that investment decisions made for your account are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

- **Asset Allocation Risk:** A portfolio that holds large cash positions may deviate from the stated benchmark and could underperform as a result. Differences in the security holdings and weights of a portfolio versus the strategy benchmark will result in disparities between a portfolio's performance relative to its benchmark. A portfolio may perform better or worse than a similarly managed account for various reasons including, but not limited to, the frequency and timing of rebalancing and trading each portfolio and the size and number of positions in each portfolio.

- Global and National Crisis Risk: Ongoing or future global or national crises including, but not limited to, pandemic, cyberattack, sabotage, terrorism, and acts of war could result in disruptions to the economies of many nations, individual companies, and can negatively impact global markets in an unforeseeable manner. Such disruptions include but are not limited to travel restrictions; quarantines; supply chain disruptions; and workforce inefficiencies, absenteeism, distraction or general anxiety. Such unpredictable, but no longer unprecedented, crises may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such crises may be quick, severe and of unknowable duration. Ongoing or future crises could result in the temporary or permanent disruption of ADE, LLC's ability to provide investment advice and volatility in the financial markets and could have a negative impact on investment performance.
- Investment Adviser Selection Risk: The investment performance of a client's investment program will vary with the success or failure of the investment adviser that ADE, LLC or a client selects to manage their assets. An investment adviser's past performance is never indicative of future results. Current and prospective clients should not assume that the future performance of any specific investment adviser, investment strategy, recommendation or investment will be profitable.
- Market Risk: The direction of the capital markets (e.g., stock, credit, interest rate, real estate, private equity, volatility, etc.) are difficult to predict and are dependent upon changes in a number of factors, including, but not limited to, interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the capital markets as a whole will decline, bringing down the value of individual securities regardless of their fundamental characteristics. Market risk is also known as systematic risk or undiversifiable risk. This risk is both unpredictable and impossible to completely eliminate.
- Portfolio Concentration Risk: Strategies that are concentrated in only a few securities, sectors or industries, regions or countries or asset classes could expose a portfolio to greater risk and may cause the portfolio value to fluctuate more widely than a portfolio that is diversified. Overexposure to certain sectors or asset classes (e.g., MLPs, REITs, etc.) may prove to be detrimental to an investor if there is a negative sector move.
- Stock, Security, ETF or Fund Selection Risk: The risk that ADE, LLC or a client chooses a security that underperforms the market for unanticipated reasons. There can be no assurance that clients will ever come to realize the value of some of these investments, and that the investment will ever increase in value. During this time, the client may have funds locked up in an underperforming investment, which presents an opportunity cost for other investments.
- Timing Risk: The risk that an investment performs poorly after its purchase or better after its sale. Moreover, if a redemption is required by the client, the client may face a loss due to poor overall market performance or security performance at that time.

**Investment Risks.** ADE, LLC cannot guarantee any investment, security or investment strategy will be profitable. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear.

- Bond Fund Risk Bond funds generally have higher risks than money market funds largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds which include:
  - Call Risk - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
  - Credit Risk — the possibility that companies or other issuers whose bonds are owned by the fund may fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
  - Interest Rate Risk — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
  - Prepayment Risk — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.
- Exchange-Traded Fund (ETF) Risk: Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:
  - The market price of the ETF's shares may trade at a premium or a discount to their net asset value;
  - An active trading market for an ETF's shares may not develop or be maintained; and
  - There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.
- Insurance Product Risk: The rate of return on variable insurance products is not stable, but varies with the stock, bond and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand all of its terms. Carefully read the prospectus. Some of the major risks include:
  - Bonus Credits – Some products offer bonus credits that can add a specified percentage to the amount invested ranging from 1 percent to 5 percent for each premium payment. Bonus credits, however, are usually not free. In order to fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.
  - Fees and Expenses – There are a variety of fees and expenses which can reach 2% and more such as
    - Mortality and expense risk charges

- Administrative fees
  - Underlying fund expenses
  - Charges for any special features or riders.
- Guarantees – Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the insurance company that gives them.
- Liquidity and Early Withdrawal Risk – There may be a surrender charges for withdrawals within a specified period, which can be as long as six to eight years. Any withdrawals before a client reaches the age of 59 ½ are generally subject to a 10 percent income tax penalty in addition to any gain being taxed as ordinary income.
- Market Risk – The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- Principal Risk – The possibility that an investment will go down in value, or "lose money," from the original or invested amount.
- Sales and Surrender Charges – Asset-based sales charges or surrender charges. These charges normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at 7 percent in the first year and decline by 1 percent per year until it reaches zero.
- Mutual Funds Risk: The following is a list of some general risks associated with investing in mutual funds.
  - Country Risk – The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
  - Currency Risk – The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
  - Income Risk – The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
  - Industry Risk – The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
  - Inflation Risk – The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.
  - Manager Risk – The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
  - Market Risk – The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets

tend to move in cycles, with periods when prices rise and other periods when prices fall.

- **Principal Risk** – The possibility that an investment will go down in value, or "lose money," from the original or invested amount.
- **Single Stock Risk**: The risk related to a firm's business plans, stock valuation, profitability, accounting practices, growth strategy, and other factors particular to a company rather than to the overall market. Some of these risks cannot be predicted, such as the retirement or death of a senior executive, which may lead to negative performance in the future.
- **Stock Fund Risk**: Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

**Procedural Risks**: ADE, LLC relies on humans, technology, data, and other service providers in providing its services and that reliance presents some risks to you, our client.

- **Counterparty Risk**: A portfolio is subject to risk with respect to the counterparties. Risks affecting counterparties such as brokers, custodians, clearing banks or agents, escrow agents or issuers, foreign exchanges or securities lending programs could result in failure by the counterparty to honor its obligations. A portfolio may experience significant delays in obtaining any recovery (including recovery of posted collateral) during insolvency, bankruptcy or other reorganization proceedings and might realize only a limited recovery or no recovery at all. If the credit rating of a counterparty is lowered, a portfolio would be exposed to any increased credit risk associated with that counterparty.
- **Data Risk**: ADE, LLC's securities analysis relies on data that is provided by third-party vendors and publicly available sources of information. Information that is incomplete, inaccurate or outdated would affect the efficacy of that analysis.
- **Operational Risk**: Portfolios are exposed to operational risk introduced through human intervention or the failure of automated processes. Operational risks include, but are not limited to, reconciliation errors, trading the wrong security, trading a security for an unintended portfolio or purchasing a security that a portfolio was intended to sell, or vice versa.
- **System Failures and Reliance on Technology Risks**: ADE, LLC relies on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, some of the technology used is provided by third-party service providers and is, therefore, beyond ADE, LLC's direct control. ADE, LLC seeks to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, through its vendor due diligence procedures, but there is no guarantee that any or all third-party service provider risks will be mitigated. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems. Backup systems may not



operate as well as the primary systems and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, ADE, LLC continually evaluates its backup and disaster recovery systems and performs periodic testing of its backup systems operations. Despite ADE, LLC's continued monitoring of hardware, telecommunications, or other electronic systems malfunctions may be unavoidable and result in consequences such as the inability to execute client transactions or monitor client accounts.

- **Cybersecurity Risk:** A portfolio is susceptible to operational and informational security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches of third-party service providers may cause disruptions at third-party service providers and impact ADE, LLC's business operations, potentially resulting in financial losses; the inability to transact business; violations of applicable privacy and other laws, regulatory fines, or penalties; reputational damage; unanticipated expenses or other compensation costs; and/or additional compliance costs. ADE, LLC has an established business continuity and disaster recovery plan and related cybersecurity procedures designed to prevent or reduce the impact of such risks; there are inherent limitations in such plans and systems due in part to the evolving nature of technology and cyberattack tactics.

- C. Currently, the Registrant primarily allocates client investment assets among various investments included but not limited to exchange traded funds and mutual funds, individual equities (stocks), debt instruments (bonds) and alternative investments on either a discretionary or a non-discretionary basis in accordance with the client's designated investment objective(s).

## **Item 9           Disciplinary Information**

Neither the Registrant nor any of its supervised persons have been the subject of a disciplinary action.

## **Item 10          Other Financial Industry Activities and Affiliations**

- A. **Registered Representative of LPL Financial.** As disclosed above in Item 5.E, certain of Registrant's representatives are also registered representatives of LPL Financial.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.

- C. **Licensed Insurance Agents.** Certain of the Registrant's representatives are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis. The recommendation by the Registrant that a client purchase an insurance commission product through one of its representatives presents a conflict of interest. No client is under any obligation to engage the services of our representatives to purchase insurance products. Clients can purchase insurance products through other, non-affiliated insurance agents.

The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding these conflicts of interest.

- D. The Registrant does not recommend or select other investment advisors for its clients for which it receives a fee. However, the Registrant provides investment advice through certain investment programs sponsored by LPL Financial where the Registrant and its IARs have a financial incentive to recommend certain third-party advisers who charge lower fees in an effort to maximize the portion of the fees received by the Advisor and its IARs. These conflicts of interest are described in more detail in the respective LPL Financial program brochures. Notwithstanding, the Registrant and its IARs seek to recommend a program that is appropriate for each client, but do not typically consider whether its IARs are paying for transaction fees as part of a wrap fee program in this analysis.

## **Item 11            Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.

- B. Neither the Registrant nor any related person of Registrant recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest.
- C. The Registrant and/or representatives of the Registrant may buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades

executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons." The Registrant's securities transaction policy requires that Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects.

- D. The Registrant and/or representatives of the Registrant may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above in Item 11C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12            Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at LPL Financial. Prior to engaging Registrant to provide investment management services, the client will be required to enter into an IAA with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/ custodian.

### **Recommendation of LPL Financial**

The Registrant will generally recommend that clients establish a brokerage account with LPL Financial to maintain custody of clients' assets and to effect trades for their accounts. LPL Financial provides brokerage and custodial services to independent investment advisory firms, including the Registrant. For the Registrant's non-wrap fee accounts custodied at LPL Financial, LPL Financial generally is compensated by clients through commissions, trails, or other transaction-based fees for trades that are executed through LPL Financial or that settle into LPL Financial accounts. For IRA accounts, LPL Financial generally charges account maintenance fees. In addition, LPL Financial also charges clients miscellaneous fees and charges, such as account transfer fees.

While LPL Financial does not participate in, or influence the formulation of, the investment advice the Registrant provides, certain supervised persons of the Registrant are dually registered with LPL Financial. These persons are restricted by certain FINRA rules and policies from maintaining client accounts at another custodian or executing client transactions in such client accounts through any broker-dealer or custodian that is not approved by LPL Financial. As a result, the use of other trading platforms must be approved not only by the Registrant, but also by LPL Financial.

Clients should also be aware that for accounts where LPL Financial serves as the custodian, the Registrant is limited to offering services and investment vehicles that are

approved by LPL Financial, and may be prohibited from offering services and investment vehicles that may be available through other broker-dealers and custodians, some of which may be more suitable for a client's portfolio than the services and investment vehicles offered through LPL Financial.

Clients should understand that not all investment advisers recommend that clients custody their accounts and trade through specific broker-dealers.

Clients should also understand that LPL Financial is responsible under FINRA rules for supervising certain business activities of the Registrant and its dually registered persons that are conducted through broker-dealers and custodians other than LPL Financial. LPL Financial charges a fee for its oversight of activities conducted through these other broker-dealers and custodians. This arrangement presents a conflict of interest because the Registrant has a financial incentive to recommend that you maintain your account with LPL Financial rather than with another broker-dealer or custodian to avoid incurring the oversight fee.

In the Managed Service of GWP, LPL is appointed by each client as custodian of account assets and broker/dealer with respect to processing securities transactions for the accounts. In general, FutureAdvisor, in its capacity as investment adviser, will submit transactions through LPL; however, FutureAdvisor may choose to execute transactions through a broker-dealer other than LPL, subject to its duty to seek to achieve best execution. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If FutureAdvisor chooses to execute a transaction through a broker-dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker-dealer. In evaluating whether to execute a trade through a broker-dealer other than LPL, Future Advisor will consider the fact that the account will not be charged a commission if the transaction is effected through LPL. For additional information, refer to the LPL GWP Program Brochure.

### **Benefits Received by Registrant's Personnel**

LPL Financial makes available to the Registrant various products and services designed to assist the Registrant in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of the Registrant's accounts, including accounts not held with LPL Financial. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of the Registrant's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL Financial also makes available to the Registrant other services intended to help the Registrant manage and further develop its business. Some of these services assist the Registrant to better monitor and service program accounts maintained at LPL Financial, however, many of these services benefit only the Registrant, for example, services that assist the Registrant in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by the Registrant in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third party vendor, LPL Financial will either make a payment to the Registrant to cover the cost of such services, reimburse the Registrant for the cost associated with the services, or pay the third party vendor directly on behalf of the Registrant.

The products and services described above are provided to the Registrant as part of its overall relationship with LPL Financial. The receipt of these benefits creates a conflict of interest because the Registrant's recommendation that its clients custody their assets at LPL Financial is based in part on the benefit to the Registrant of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. The Registrant's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL Financial platform.

Factors that the Registrant considers in recommending LPL Financial (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

#### Additional Brokerage Information

1. The Registrant does not receive referrals from broker-dealers.
2. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. Higher transaction costs

adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

### **Item 13            Review of Accounts**

- A. For those clients to whom Registrant provides investment management services, account reviews are conducted on a periodic basis by the IAR, at least annually. All investment management clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis. Periodic reviews do not necessarily result in transactions or changes in the client’s investment allocation. We may utilize an investment strategy that generally seeks investments that are long term in nature with a buy and hold bias. Due to the nature of these strategies, investments in accounts could incur low turnover.

For GWP accounts participating in the Managed Service, client may access monthly account statements and transaction confirmations through LPL’s web-based AccountView portal. Detailed quarterly performance data is available in electronic form through the Investor Portal. Users of the Educational Tool do not receive any reporting.

- B. The Registrant may conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

### **Item 14            Client Referrals and Other Compensation**

- A. As referenced in Item 12.A.1 above, the Registrant may receive an economic benefit from LPL Financial. The Registrant, without cost (and/or at a discount), may receive support services and/or products from LPL Financial.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial because of this arrangement. There is no corresponding commitment made by the Registrant to LPL Financial or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement.

**Additional Compensation-** Certain of our employees may recommend advisory services and other products offered by LPL Financial. LPL Financial compensates certain employees and owners of the Registrant based on these recommendations. This compensation may include a portion of an advisory fee and, this portion received by any employee may be more than what a similar representative would receive at another investment advisor firm. Such compensation includes other types of compensation, such as bonuses, awards or other things of value offered by LPL Financial to the employee of the Registrant. In particular, LPL Financial pays its associated person in different ways, for example:

- Payments based on production
- Equity awards from LPL Financial's parent company, LPL Financial Holdings Inc., consisting of awards of either restricted stock units (a promise to deliver stock in the future) or stock options to purchase stock, in each case subject to satisfaction of vesting and other conditions
- Reimbursement or credits of fees that IARs pay to LPL Financial for items such as administrative services, or technology fees
- Free or reduced-cost marketing materials
- Payments in connection with the transition of association from another broker-dealer or investment adviser to LPL Financial
- Payments in the form of repayable or forgivable loans
- Advances of advisory fees
- Attendance at LPL Financial conferences and events.

Associated persons may, if properly licensed and registered to do so, receive compensation on non-advisory business related to the sale of securities or other investment products such as insurance. Transaction-based compensation such as this is separate and distinct from the other fees each IAR may receive in connection with the Registrant's investment advisory services.

Commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, private placements, and other such non-investment related products such as but not limited to life insurance, long term care insurance, disability insurance. Such commissions provide an advisor with an incentive to recommend these investment products based on the compensation they will receive from selling such products. This creates a conflict of interest; however, the Registrant does not allow IARs to earn commissions on products included within our advisory accounts. Clients are under no obligation to purchase recommended products from an IAR in his or her individual capacity as a licensed insurance agent or registered representative.

- B. Neither the Registrant nor any of its representatives compensates any person other than its supervised persons for client referrals.

## **Item 15      Custody**

The Registrant shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian. The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## **Item 16      Investment Discretion**

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, client shall be required to execute an IAA, naming the Registrant as client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, in writing, on the Registrant's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## **Item 17      Voting Client Securities**

- A. The Registrant does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact the Registrant to discuss any questions they may have with a particular solicitation.

## **Item 18      Financial Information**

- A. The Registrant does not solicit investment management fees of more than \$1,200, per client, more than six months in advance. However, for some complex, stand-alone financial planning arrangements, the amount of fees collected up front can exceed \$1,200. The Registrant makes every effort to complete all financial planning work within six months of assessing the fee.



- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.